

1 required to be put in the oil record book?

2 MR. WIGGER: Yes.

3 SPECIAL MASTER BUNDY: And SWOMS is a
4 double-check on the oil record book?

5 MR. WIGGER: It is pretty much, I guess,
6 yeah, yeah.

7 MR. CHALOS: But the real question, if I
8 may, the real question is, the system as it
9 exists now, does it give you sufficient
10 information? I think what it is you were
11 driving at, Mr. Bundy, does it give you
12 sufficient information to analyze what's
13 going on on the shipboard -- on the ship --
14 to ascertain whether or not there's been any
15 monkey business?

16 MR. WIGGER: Yes, it does, and even the
17 example I use about the bilge well, normally
18 bilge loading is going to be fairly
19 consistent, unless there is an
20 extraordinary -- some, you know, pipe break,
21 or something like that, and, generally, the
22 bilge wells, you know, you're going to have a
23 transfer daily or every other day, so if you
24 begin to see no transfers of that bilge well
25 to the bilge holding tank in a corresponding

1 increase, then you're going to begin to
2 question, well, why is there less bilge
3 loading now? And then if there's, you
4 know -- of course, if there's an
5 extraordinary leakage and that's not
6 recorded, then that could really go by the
7 wayside, theoretically you could then just
8 pump that overboard.

9 MR. CHALOS: But you're looking for
10 those kind of things.

11 MR. WIGGER: That's what we're looking
12 at is to see if there is a consistency and if
13 the consistency is not there to ask, why
14 isn't it there? We spend a fair amount of
15 time, as I know Ionia does in reviewing it,
16 you know, we're not coming up with any
17 problems, and we're fairly confident that
18 we're doing a pretty good job in analyzing
19 that. But, you know, aboard ships today
20 engineers are very ingenious, so I can't say
21 it's a failsafe system either.

22 MR. O'CONNELL: Why isn't the bilge well
23 monitored by the SWOMS system?

24 MR. KARAGIORGIS: Captain, also our
25 bilge wells are monitored by SWOMS.

1 MR. WIGGER: It is?

2 MR. KARAGIORGIS: Yes, monitored and
3 imported by SWOMS. Yes, yes, we have them.

4 MR. WIGGER: Maybe I'm getting confused
5 then with another ship. Because I understand
6 you didn't have the sensors in the bilge
7 well.

8 MR. BURGESS: You had problems earlier
9 with the bilge wells. Like the last hearing
10 we had, I think you had problems with the
11 sensors?

12 MR. KARAGIORGIS: No, no.

13 MR. WIGGER: The bilge holding tank but
14 the bilge wells themselves also have sensors.

15 MS. TSOCHLAS: The bilge wells have
16 manual soundings of the bilge wells.

17 MR. KARAGIORGIS: Also SWOMS reports
18 times that incinerator bilge oil separator
19 within 24 hours. That means we can compare
20 the actual data with the operations time and
21 the --

22 SPECIAL MASTER BUNDY: Don't everybody
23 talk over each other. Remember, she's trying
24 to take down what you say.

25 MR. KARAGIORGIS: So, we have a lot of

1 meters to compare if something happens
2 onboard the vessel.

3 MR. BURGESS: I have a question.

4 In hearing the scope of work and the
5 Judge's intent, the overall goal isn't to
6 actually prevent pollution discharge or was
7 it actually to identify it, just to identify
8 pollution discharge?

9 MR. KARAGIORGIS: Yes.

10 MR. BURGESS: That will tell you whether
11 the hourly basis is needed, because if you're
12 trying to prevent pollution on an hourly
13 basis and transmit it, that would be key, but
14 if you're just trying to identify something
15 is polluted or you have a problem, then you
16 can catch them on a daily report.

17 SPECIAL MASTER BUNDY: It's always going
18 to be, no matter what, if you're transmitting
19 it remotely, you're always going to be
20 looking at something after the fact even if
21 it's transmitted hourly, and --

22 MR. BURGESS: But the extent of the
23 pollution.

24 SPECIAL MASTER BUNDY: Right. Right. I
25 understand. But are you saying that

1 hourly -- an hourly monitoring would prevent
2 discharge?

3 MR. BURGESS: Well, it would work to
4 prevent a -- say, if you spilled -- you're
5 talking about 50 gallons compared to maybe
6 150 gallons, something so that you would
7 limit the exposure and pollution. I don't
8 know the actual intent. What is the intent?

9 SPECIAL MASTER BUNDY: But does that
10 assume that somebody is looking at this thing
11 24 hours a day, which is another problem?

12 MR. BURGESS: I don't know if a
13 mechanism or a flag can be set up to say,
14 hey, it's a big anomaly. Something to report
15 maybe when the corporate compliance manager
16 would get an alert saying you need to get a
17 look at this.

18 MR. CHALOS: Here he is.

19 MR. BURGESS: Something set up.

20 I notice in the previous, I guest second
21 hearing, they said the SWOMS software had
22 been upgraded to at least carry 14 days of
23 data.

24 MR. KARAGIORGIS: Yeah.

25 MR. BURGESS: Now, you're saying it's

1 overloading.

2 MR. CHALOS: No, no, if we do the hourly
3 report, in other words, all that information
4 is starting, it will be stored whereas it's
5 not being stored --

6 MR. BURGESS: Stored on satellite or the
7 vessel side?

8 MR. CHALOS: Stored onboard the memory
9 system. That's creates a lot of memory
10 problem. It's information once an hour as
11 opposed to 24 hours.

12 MR. KARAGIORGIS: The system is able to
13 restore 15 reports. In case of a loose
14 communication, if something happens, if we
15 start recording hourly data, that means the
16 system could store 360 reports. It's not
17 possible.

18 MR. CHALOS: That's the problem, it's
19 the memory of doing it on an hourly basis,
20 which they're trying to expand.

21 So, what we're exploring here today, and
22 I think it's a good discussion, is whether
23 there's a way to record hourly, download it
24 at the end of the day, keep it onboard for
25 the auditor's purposes, or if there's an

1 issue that comes up, that can also be
2 transmitted, you know, if the CCM sees an
3 anomaly that he can't explain, he can ask for
4 that information, as opposed to sending that
5 information, transmitting it on an hourly
6 basis, which then creates a lot of
7 information that may or may not be ever
8 looked at, you know, and so what have we
9 accomplished? The whole point is to be able
10 to determine if there is a problem, that can
11 be done with the daily report backed up by
12 information that might explain any
13 unexplained anomaly.

14 SPECIAL MASTER BUNDY: You know what I'd
15 like to do, and you folks can comment, and I
16 don't want to increase any over work or
17 expense for anybody, but I think that what we
18 really need -- because I know one thing, I
19 know Judge Arterton -- I met with Judge
20 Arterton yesterday and she's very interested
21 in the SWOMS issue, that what we need to do
22 is to get our hands around this issue, and I
23 ask that Ionia provide a statement of what
24 exactly has been done by the SWOMS now and
25 how that complies with the Judge's order, and

1 how that facilitates monitoring by the
2 auditor and the technical management of Ionia
3 to prevent or identify any problems occurring
4 onboard the vessel. I'd like the Government
5 to provide their view of this. Because I
6 think we've got to get -- we've got to get
7 this taken care of this time.

8 MR. CHALOS: And I think we should. As
9 part of that report, we should identify what
10 the capability of the system is. In other
11 words, can we get enough memory to at least
12 store hourly reports, and what more would be
13 involved to sending those reports on an
14 hourly basis to the office, and that includes
15 the system itself, plus what kind of workload
16 are we talking about, and is it reasonable
17 under the circumstances? In other words, if
18 the workload is increased 10 fold but it
19 doesn't get you any greater oversight, what's
20 the point of doing it that way?

21 SPECIAL MASTER BUNDY: Right.

22 I mean, the issues need to be, number
23 one, is what Ionia doing now compliant with
24 the Judge's order? First issue.

25 Second. Is what Ionia doing now, or has

1 the capability of doing now, able to comply
2 with the intent, which is to identify and
3 prevent or remedy any Marpol violation
4 onboard the vessel at the earliest possible
5 opportunity?

6 MR. CHALOS: Well, I think in answer to
7 that, Mr. Bundy, is the fact that we have two
8 and a half years of experience and, so far,
9 you know, knock on wood, everything seems to
10 be going along fine, in other words, they
11 haven't had any major situation where
12 something wasn't recorded or identified.

13 SPECIAL MASTER BUNDY: No, I understand
14 that, but as Mr. O'Connell raised and
15 Commander Burgess raised, I mean, that's a
16 great sign so far, and from what Captain
17 Wigger has told us, he's able to take a close
18 look at this, and that's a great sign, but we
19 want to make sure that what's being done here
20 is consistent with what the Judge ordered and
21 what the Judge wants, and that's what she
22 wants me to get to the bottom of, and so, I
23 want to be able to do that in this report,
24 but I need -- there's a lot of back and forth
25 here, but what I really need is for Ionia to

1 provide exactly why their system, either as
2 it currently exists or as we can demonstrate,
3 can be modified to accommodate the letter and
4 the spirit of what the Judge wants.

5 MR. CHALOS: That's the point. I think
6 from the spirit of the Judge's order, I think
7 Ionia is fully complying, in other words,
8 they're making sure that nothing's untoward,
9 as you would say, has gone on on their
10 vessel. The question of whether the Judge
11 meant that hourly transmissions had to be
12 transmitted as opposed to recorded on the
13 ship, I don't know.

14 SPECIAL MASTER BUNDY: Right now they're
15 being recorded and kept for 14 days, is that
16 correct?

17 MR. KARAGIORGIS: Yes.

18 SPECIAL MASTER BUNDY: So, today onboard
19 the Theo/T every hour the tanks are being
20 recorded, the SWOMS data is being sent to the
21 commuter onboard the vessel and that
22 continuous information is being maintained on
23 the vessel for 14 days, at which time is each
24 day by day being overwritten or is the whole
25 14 days getting erased and they start again?

1 MR. CHALOS: I think the earliest of the
2 days is being overwritten.

3 MR. WIGGER: Is what Mr. Bundy said
4 accurate? I understand it's not being
5 recorded hourly, it's being monitored
6 continuously.

7 MR. CHALOS: Right, monitored.

8 MR. WIGGER: But there's no specific
9 recording unless you query the system and
10 then you say, okay, we've got a reading, but
11 it's not being recorded hourly right now.

12 SPECIAL MASTER BUNDY: So, what's being
13 kept for 14 days?

14 MR. WIGGER: That's just the daily
15 transmission, the daily data, which is the
16 highs and lows of each tank, and that's it,
17 yeah.

18 SPECIAL MASTER BUNDY: And then the
19 OOGMT sounding?

20 MR. WIGGER: Right.

21 MR. KARAGIORGIS: Until the report is
22 transmitted to the office.

23 MR. WIGGER: I stand corrected, the
24 billings are being monitored, there's no
25 manual sounding of the billings?

1 MR. KARAGIORGIS: No.

2 MR. WIGGER: The other issue that we had
3 before was the other tanks that are not being
4 monitored and I think we discussed that the
5 last time around. I'm not sure where -- so I
6 knew there was some tanks or some areas that
7 were not being monitored, but the bilge oil
8 sludge and the fuel oil sludge are not being
9 monitored. You're right. There are
10 soundings being taken from those tanks,
11 manual soundings.

12 MR. KARAGIORGIS: Monitored.

13 MR. WIGGER: SWOMS also.

14 MR. KARAGIORGIS: Because the last time
15 we discussed about the fuel oil tank and the
16 scavage tank, those tanks are not monitored
17 by SWOMS. But fuel oil tanks are continually
18 being monitored.

19 MR. WIGGER: Because I'm looking at the
20 last audit and we didn't come up with any of
21 the soundings for those tanks, and I guess
22 that was my question, but the fuel oil
23 sludge, they're all being monitored. So,
24 there's no tanks that are not being
25 monitored.

1 MR. KARAGIORGIS: No.

2 SPECIAL MASTER BUNDY: Except for the
3 scavage tank.

4 MR. KARAGIORGIS: But, okay, onboard the
5 Motor tanker Theo/T -- only onboard MT Theo/T
6 the fuel oil overflow tank is included in the
7 Ionia PP certificate.

8 MR. O'CONNELL: I have three things to
9 say. One is why aren't there manual
10 soundings of the bilge being taken?

11 MR. WIGGER: There's no -- the way the
12 bilge well --

13 MR. KARAGIORGIS: How long it will
14 take -- the manual soundings. Because it is
15 the open tank and you can have a look on this
16 manual.

17 MS. TSOCHLAS: There are no sounding
18 tables for the bilge wells.

19 SPECIAL MASTER BUNDY: I'm sorry?

20 MS. TSOCHLAS: There are no sounding
21 tables for the bilge wells.

22 MR. KARAGIORGIS: There are no sounding
23 tables. No, actually, we have developed
24 sounding table for bilge wells in order to be
25 able for --

1 MR. WIGGER: For the SWOMS.

2 MR. KARAGIORGIS: For Vigilant Marine to
3 fix the problem.

4 MR. WIGGER: That is the question, how
5 you are monitoring with the SWOMS because
6 generally that's a difficult thing to do.
7 The way you normally measure bilge wells is
8 what you transfer to the bilge tank.

9 MR. KARAGIORGIS: We have requested that
10 information from CBI, who built the vessel,
11 and provide the formulas and we could manage
12 to fix the -- to make the sounding tables of
13 these. But, you know, there is no sounding
14 pipe, you know.

15 MR. WIGGER: Generally, a tank you'll
16 have will be dimensional, whereas a bilge
17 well is open.

18 MR. O'CONNELL: Is open?

19 MR. WIGGER: Is open, but also the
20 curvature of the vessel there, so you don't
21 have a volume, so to speak. But I guess if
22 the shipyard -- and you would not have
23 generally when you're taking a sounding,
24 you're taking a centimeter sounding, and then
25 that converts to the sounding tables over to

1 cubic meters and that's what your volume is
2 based on. And, generally, the monitoring
3 bilge wells is very difficult.

4 MR. KARAGIORGIS: Yes.

5 MR. WIGGER: Because you just can't
6 measure accurately.

7 MR. CHALOS: They're doing it through
8 the SWOMS.

9 MR. WIGGER: They're not doing the
10 manual soundings.

11 MR. CHALOS: No ship is doing manual
12 soundings.

13 MR. WIGGER: No ship is doing manual
14 soundings. That's why I was under the
15 impression that you were not doing the SWOMS
16 because a number of the other ships, the
17 other companies, yeah.

18 SPECIAL MASTER BUNDY: Okay.

19 MR. WIGGER: That is one answer.

20 MR. O'CONNELL: It sounds like what
21 Captain Wigger is saying that there's not
22 being recordings made every hour, which, to
23 me, means that they're not in compliance
24 right now with the Special Master's order.

25 MR. WIGGER: And that's accurate. I

1 mean, the issue is, you know, recording every
2 hour, to meet the letter of the Judge's
3 order.

4 SPECIAL MASTER BUNDY: What I'm trying
5 to get at and this is what I think we really
6 need to focus on is just what Mr. O'Connor
7 pointed out and Captain Wigger pointed out is
8 the sentence in the Judge's order says that
9 the data shall be electronically recorded at
10 least hourly.

11 Now, what's happening is it's being
12 monitored electronically, and so the question
13 about recorded, does that mean recorded -- it
14 doesn't make any sense to say recorded unless
15 that would be an accessible number, but
16 what's happening -- what Vigilant Marine has
17 designed is a system in which we have
18 constant monitoring that can -- that
19 maintains an electronic record of the maximal
20 and minimal at all times, and then once a
21 day, records the actual sounding, and
22 together with the recording of the maximal
23 and minimal. Which sounds problematic given
24 what's being stated here, but there may be
25 some easy fixes, and if the easy fixes are,

1 for instance, that somebody on duty in the
2 engine room pushes a button once an hour and
3 downloads it onto something, that would take
4 care of this problem. Now, whether that's a
5 feasible solution? I don't know.

6 MR. CHALOS: It sounds easy enough to
7 do. I mean, it would be part of their watch
8 duties, but whether there's enough memory to
9 do that on a system, I don't know. That's
10 something --

11 Krystyna, did you hear what Mr. Bundy
12 said?

13 MS. TSOCHLAS: From what I understood
14 because every hour maybe somebody would press
15 the button and generate a report.

16 MR. CHALOS: Right. Then that's stored
17 somewhere on the vessel or transmitted.

18 MR. TSOCHLAS: It could be stored and
19 printed on a hard copy, but for that to occur
20 throughout the 24 hours would be very
21 difficult because our vessels operate with no
22 men, so there will be a period of the night
23 where we won't have anybody in the engine
24 room.

25 MR. KARAGIORGIS: So, we can also ask if

1 Vigilant Marine is able to provide us an
2 automatic system in order to printout every
3 hour without the need of push the button.

4 MR. WIGGER: What we have seen with
5 other systems is a graphical representation
6 of the tanks and you'll see, but that meets
7 this continuous or hourly monitoring
8 requirement because you'll actually see it
9 recorded on a graph, and I don't know if
10 that's takes less storage or what, or
11 Vigilant can do that, but that's a very easy
12 way, because then if you have any -- you'll
13 see the changes either up or down, but -- and
14 that generally what we've seen on other
15 company vessels is that's downloaded to a
16 computer automatically, so the memory
17 function, as we talked about for the SWOMS
18 itself, is not affected, it's automatically
19 sent to a --

20 MR. CHALOS: Let's ask Krystyna.

21 MR. WIGGER: Whatever Vigilant could
22 come up with.

23 MR. CHALOS: Krystyna, did you hear what
24 Mr. Wigger said?

25 MS. TSOCHLAS: Yes. I did. We can make

1 both suggestions to Vigilant Marine and ask
2 what he is able to do to the software to
3 modify.

4 SPECIAL MASTER BUNDY: The question is
5 whether they can monitor the software so that
6 the continuous monitoring goes on.

7 MS. TSOCHLAS: The solutions that Mr.
8 Karagiorgis mentioned and Captain Wigger, it
9 would depend on what Vigilant Marine can do.

10 MR. O'CONNELL: Can we put a timeframe
11 on this? It looks like this memory issue has
12 been around since last January.

13 SPECIAL MASTER BUNDY: That was going to
14 be the next topic. We really do have to get
15 our arms around this thing quickly, I think.
16 Probation is going to come to an end pretty
17 soon and the Judge is going to want to make
18 sure that her orders have been complied with
19 during the term of probation, and so, I think
20 that we ought to have a report within -- what
21 is today? By January 30 saying this is
22 what -- this is our position on this thing --
23 what it's done now, this is what's possible
24 from Vigilant Marine. And, I mean, I'd like
25 to see something from Vigilant Marine that

1 says all of this stuff. I mean, they seem to
2 be the mystery people here and I'd like to
3 have something from them. They're difficult
4 to deal with, perhaps, Mr. Chalos could get
5 involved in dealing with them or something,
6 but I think that we've got to get something
7 from Vigilant Marine that tells us
8 unequivocally what they can do and if they
9 can't do something, why not, but I think we
10 need to work to that end and we need to work
11 to that end fairly quickly.

12 MR. CHALOS: May I ask Krystyna a
13 question on that?

14 SPECIAL MASTER BUNDY: Sure.

15 MR. CHALOS: Krystyna, do you think you
16 can contact Vigilant Marine and have a
17 response to these issues in the 18 days that
18 we're talking about?

19 MS. TSOCHLAS: Well, we can't guarantee
20 it, because, as I said before, there are
21 times when Vigilant Marine doesn't respond to
22 us for weeks.

23 MR. CHALOS: We don't have weeks.

24 MS. TSOCHLAS: We'll do our best to come
25 into contact with them and get a response

1 from them regarding the issue.

2 SPECIAL MASTER BUNDY: I think it really
3 has to be taken care of. I think you need to
4 do whatever you have to do to get Vigilant
5 Marine going because I think that the Judge
6 is very concerned about this.

7 MR. WIGGER: The other -- I guess, other
8 question, too, is the current system that is
9 having the high and the low and the one
10 sounding per day, did that offer an
11 equivalent, to the intent of the order? You
12 know, and from a practical aspect does that
13 give the Government -- does that give an
14 auditor sufficient information to make the
15 evaluation to insure there's been no, you
16 know, wrongdoing?

17 SPECIAL MASTER BUNDY: No potential
18 Marpol violation?

19 MR. WIGGER: And what is practical
20 versus what can be done theoretically.

21 SPECIAL MASTER BUNDY: And that's what I
22 expect to have at the end of the month is
23 your position on that issue, as well as what
24 Vigilant Marine says that they can do.

25 MR. CHALOS: Well, Mr. Bundy, I think,

1 from my own standpoint, if they can get
2 Vigilant to increase the memory to allow for
3 hourly readings to be taken and downloaded
4 onto a shipboard computer, yes, we would do
5 that, then there will be no question as to
6 compliance with the Judge's order, but I also
7 think that we can't overlook the fact that we
8 have two and a half years of experience,
9 we've had both orders by Mr. Wigger and
10 Mr. Sanborn and, you know, things seem to me
11 to be working fine. So, from the intent of,
12 you know, the letter of the order, I think
13 we're fully complying and Ionia is doing a
14 very good job in making sure that their
15 vessels are obeying all regulations. But if
16 we can get Vigilant to give us more memory
17 and do what we're discussing here today, so
18 much the better.

19 SPECIAL MASTER BUNDY: I understand what
20 you're saying and I understand your reading
21 of it, I think the Government takes a
22 different position and we'll just have to
23 deal with that.

24 MR. O'CONNELL: I think the operation
25 of the SWOMS is a special condition of

1 probation. It's clear on the order. And it
2 needs to be working properly. While it may
3 be that there's been no extraordinary
4 discharge or abnormalities, the fact is that
5 the system hasn't been working to, you know,
6 it's optimal, the way that it's supposed to
7 be, we've had problems. Most recently with
8 the Plutos, you've had discrepancies in the
9 tank size.

10 SPECIAL MASTER BUNDY: That's a separate
11 issue. I mean, the discrepancies are a
12 separate issue from the recording. That
13 would happen if they're being recorded
14 continuously.

15 MR. O'CONNELL: I'm saying it hasn't
16 been without problems and right now two and a
17 half years in, we're still trying to
18 determine if they're still in compliance with
19 the SWOMS system, you know, it seems
20 problematic from the Government's standpoint.

21 MR. CHALOS: We obviously don't agree
22 that the system is not being used to its
23 maximum capability, there's no part of the
24 system that's not being used, it's being used
25 fully now, whether the system can be

1 improved, you know, feasibly improved, I
2 don't know, that's what we're checking, you
3 know, we're going to work towards that.

4 SPECIAL MASTER BUNDY: Rather than us
5 just go back and forth here, we need to have
6 you guys set out your position on that and
7 what exists, whether it complies, and
8 whether -- and what can be done in addition
9 to what exists to absolutely insure
10 compliance, and the Government will be able
11 to respond. Okay?

12 MR. CHALOS: I would think that we have
13 30 days to give us an opportunity to get it.

14 SPECIAL MASTER BUNDY: My problem is I
15 have to make a recommendation to the Court
16 within 30 days of this hearing.

17 MR. CHALOS: I understand.

18 SPECIAL MASTER BUNDY: And I'm going to
19 be leaving the country on the 10th of
20 February and I wanted to be sure I had that
21 recommendation to the Court before.

22 MR. CHALOS: Well, we'll do the best we
23 can to get the information from Vigilant, and
24 if there's a snag --

25 SPECIAL MASTER BUNDY: Then let's hear

1 about it and why, and document the snag, and
2 then we'll deal with that and we'll put that
3 in the report to the Judge.

4 The Government can either file something
5 simultaneously with the Government's
6 position, and then when you get Ionia's
7 submission, if you could get something to me
8 within five days, that would be great. I've
9 got to be able to put this into the report to
10 the Judge.

11 MR. CHALOS: I know Mr. O'Connell is, as
12 you say, new to the game, but the position
13 and the way we've been working over the last
14 couple of years is we're trying cooperatively
15 to do the best that we can to make sure that
16 everybody -- this company is in compliance,
17 so I would hate for it to be an adversarial
18 thing, that you take a position that we then
19 have to respond to it, I would hope we could
20 do it in a more cooperative way.

21 SPECIAL MASTER BUNDY: I understand. I
22 think that the audits that have been coming
23 out have been very good. I mean, if you look
24 at the conclusions and the statements by the
25 auditors, it's been good, so it indicates

1 that there has been some success, but,
2 nonetheless, the Judge's order is what the
3 Judge's order is and we have to deal with
4 that, and the Judge is clear that she wants
5 it dealt with.

6 MR. CHALOS: We understand.

7 SPECIAL MASTER BUNDY: Boy, that took --

8 Miss Tsochlas, if you want to take a
9 break at anytime, just let us know; this is
10 not an endurance contest.

11 MS. TSOCHLAS: Okay. I will. Thank
12 you.

13 SPECIAL MASTER BUNDY: All right. So,
14 we got past the first three pages, but I
15 think that -- I think that the rest of the
16 presentation on the SWOMS including the
17 opinion survey and the three manual
18 soundings, and all of that, unless somebody
19 has specific issues or questions on that, we
20 can just skip to the next topic. I believe
21 we've covered the SWOMS.

22 Mr. O'Connell?

23 MR. O'CONNELL: Can I just clarify the
24 position -- Ploutos, is that how you say it?

25 MR. KARAGIORGIS: Ploutos, yes.

1 MR. O'CONNELL: One of the issues we
2 were trying to resolve whether there is --
3 whether we're satisfied with the manual
4 soundings versus the SWOMS, is that resolved
5 or not? We started talking about other
6 issues.

7 MR. WIGGER: Maybe I'll let Ionia
8 respond about its corrective action report.

9 MR. O'CONNELL: And are you, Mr. Wigger,
10 and maybe you want to ask this, but are you
11 satisfied with that corrective action report?

12 MR. WIGGER: When we did the audit on
13 the Plutos, there was some issues related to
14 the correlation of the SWOMS and manual
15 soundings, and following our audit, Drew
16 Marine Technical Services went aboard and
17 calibrated and then verified that the
18 soundings were within a reasonable margin of
19 error, and I think that's -- I think this is
20 the report that I'm looking at here.

21 MR. KARAGIORGIS: This is the report of
22 Plutos.

23 MS. TSOCHLAS: If you look at the
24 technician's report from Drew Marine on the
25 second page, item six.

1 SPECIAL MASTER BUNDY: Which exhibit is
2 that?

3 MS. TSOCHLAS: If you go to slide 17,
4 the technician's report.

5 SPECIAL MASTER BUNDY: I think,
6 Mr. O'Connell, your question is about whether
7 or not the three manual soundings, is that
8 the issue?

9 MR. O'CONNELL: No, I get the three
10 manuals, that wasn't an issue, but as I
11 understand it, being late to the game and in
12 reading the documents, Ionia has requested
13 that the Ploutos be able to come to the
14 United States, there was some other issues
15 regarding payments, sort of thing, I believe
16 the United States responded that it didn't
17 have any objections provided all these things
18 were corrected. You issued a supplemental
19 saying you supported that, provided, but you
20 said, I believe in that order, that you
21 wanted further collaboration, the tank
22 soundings are matching the SWOMS, and I guess
23 that's the technical report and, I guess,
24 what I'm wondering is the Government's
25 position, does that satisfy the intent of

1 what you had, what Mr. Wigger had, or is it
2 necessary for Mr. Wigger to go back and
3 reconfirm that? Secondly, it might be that
4 this issue is mute until later because right
5 now we're still deciding whether, you know,
6 come January 30th, Ionia will give a position
7 and the Government will give a position
8 whether or not they're in compliance or not.

9 SPECIAL MASTER BUNDY: I think that is a
10 legitimate issue.

11 The supplemental recommended that the
12 Judge enter an order, which she did, that
13 said that Ploutos could come to the U.S. if
14 it satisfied the discrepancies to the
15 satisfaction of the independent environmental
16 consultant, and so, I guess your question is,
17 has that occurred?

18 MR. WIGGER: And we responded back to
19 you saying that the corrective action reports
20 seems to have corrected the deficiencies we
21 identified.

22 Now, we haven't gone back to the vessel
23 to verify that the SWOMS data specifically is
24 in correlation, but the technician's report
25 indicated it was. So, then a question comes,

1 you know, is there a need to revisit the
2 vessel for a follow-up or do we take on face
3 value, you know, the corrective action report
4 as being --

5 MR. O'CONNELL: I think that's a
6 decision for you, sir, but I think the
7 Government's position is we would prefer that
8 it be verified.

9 MR. CHALOS: You know, we can get
10 carried away with all this stuff, you know,
11 every time somebody goes to a ship in a far
12 place costs money. So, I mean, at some point
13 we have to accept things on faith, you know,
14 based on information that's been provided and
15 certified and so on and so forth. I mean, we
16 can't at the drop of a hat start sending
17 people all over the world because somebody
18 feels like we got to dot every I and cross
19 every T no matter what. I mean, the question
20 really becomes is the independent auditor and
21 the Court-appointed monitor, Mr. Sanborn,
22 satisfied with what we have so far and make a
23 recommendation to you.

24 SPECIAL MASTER BUNDY: I guess my
25 question is, from your point of view, Captain

1 Wigger, would you be prepared to rely on the
2 technician's report saying that the tanks
3 have been recalibrated?

4 MR. WIGGER: I think the answer is yes
5 based upon, I've got to believe these are
6 reputable technicians and they're not going
7 to falsify reports. On that face value?
8 Yes.

9 Following this, what we did recommend
10 was periodic soundings to be provided to us,
11 certified by the Master saying just to
12 double-check, saying can you provide us with
13 some additional soundings on a periodic basis
14 that has -- and then the Master would certify
15 those, or the chief engineer, saying that
16 these are true and correct.

17 The other suggestion might be if there's
18 an opportunity, if the vessel is in a
19 convenient U.S. port, then, you know, if
20 we're available, we would, you know, maybe
21 try to verify -- go back aboard this to
22 verify, but as you point out, even for us,
23 traveling over to Dubai and other places in
24 the world to do an audit is quite
25 time-consuming, and it's quite expensive, so

1 from a simple, you know, to verify whether
2 the soundings are correct or not, we should
3 be able to rely upon, you know, the Master
4 certifying, or whatever, or the company
5 certifying.

6 MR. O'CONNELL: If I may, from my
7 position, I agree. I mean, I don't want to
8 send people out for no reason, but what this
9 is hinging on is they're requesting to come
10 to the United States and they're saying that
11 they're in compliance with the order, so it's
12 not just like it's any normal type of audit,
13 it's them being allowed to come into the
14 United States calling on U.S. ports. You
15 know, taking them at face value, you know,
16 that's fine, but I would just remind the
17 Special Master of why we're here and one of
18 the reasons why we're here is Ionia is a
19 recidivous offender and most recently what
20 they were convicted of is, in essence, lying
21 to the Government.

22 SPECIAL MASTER BUNDY: I understand, but
23 Drew Marine, I don't think, is convicted of
24 lying to anybody.

25 MR. O'CONNELL: But they're being paid.

1 SPECIAL MASTER BUNDY: I understand.

2 MR. WIGGER: Has the Ploutos come into
3 the U.S.?

4 MS. TSOCHLAS: No, she hasn't come to
5 the U.S., and presently she's in the far
6 east, so she's probably not coming to the
7 U.S. very soon.

8 SPECIAL MASTER BUNDY: And when is the
9 next audit report of Ploutos?

10 MS. TSOCHLAS: We have the final audits
11 due this year which has to be carried out by
12 September.

13 SPECIAL MASTER BUNDY: And as we speak,
14 is there any prospect of the Ploutos calling
15 on a U.S. port between now and then?

16 MS. TSOCHLAS: You never know, it
17 depends on the trade of the vessel, but
18 considering she's in the far east right now,
19 there's no prospect over the next few months
20 of her calling at the U.S.

21 MR. WIGGER: Just to -- and I know we've
22 talked about this before, but it would be
23 helpful to us to always keep us informed of
24 the locations of the vessels, because I just
25 returned from the far east after doing an

1 audit and, you know, we always, you know, we
2 like to coordinate other inspections if we
3 can. So, yeah, definitely keep us informed,
4 that would allow us to, you know, if we were
5 in the neighborhood, we could stop by and do
6 the audit, or verify the soundings, or doing
7 something similar.

8 MS. TSOCHLAS: Well, when we begin the
9 process for the time audit, as we did the
10 initial audit and the ongoing audit, we'll
11 keep you updated on the vessel's itinerary.
12 We weren't aware that there was a requirement
13 for an audit aboard the vessel in order to
14 verify the findings and the recommendations
15 with permission that was granted to the
16 Ploutos.

17 MR. WIGGER: I don't think there's a
18 requirement. I think that was a suggestion,
19 or the recommendation by the Government.

20 MR. O'CONNELL: Well, I think the
21 requirement was from your order that
22 Mr. Wigger made.

23 SPECIAL MASTER BUNDY: Right.

24 MR. O'CONNELL: My position was just --

25 SPECIAL MASTER BUNDY: You're

1 questioning whether I had enough information
2 to make that determination?

3 MR. O'CONNELL: Yes, sir.

4 SPECIAL MASTER BUNDY: Any other SWOMS
5 issues that any of the parties want to
6 explore while we've done that?

7 So, then -- maybe we ought to move then
8 down to the next topic which is training.

9 MR. CHALOS: Mr. Bundy, is this a good
10 time for a break?

11 SPECIAL MASTER BUNDY: The Judge
12 indicates she might want to have lunch at 12
13 and discuss what's been going on so far in
14 here, but I don't know if she's been able to
15 make it in in this giant snowstorm. So, why
16 don't we take a five minute break, I'll call
17 and find out what's going on, and if not, I
18 think we don't want to keep Miss Tsochlas any
19 longer than necessary, and so -- let's take a
20 five minute break and just see where we are.

21 MS. TSOCHLAS: Thank you.

22 SPECIAL MASTER BUNDY: Off the record
23 here for five minutes.

24 (Whereupon, a brief recess was
25 held.)

1 SPECIAL MASTER BUNDY: We're ready to go
2 back on the record.

3 The next topic is the training issue.

4 MR. KARAGIORGIS: Training issue.

5 MS. TSOCHLAS: Could I just mention one
6 thing before we start? I'm having difficulty
7 hearing Mr. O'Connell.

8 MR. O'CONNELL: Okay.

9 MS. TSOCHLAS: When you speak --

10 MR. CHALOS: He is very soft spoken,
11 Krystyna.

12 MS. TSOCHLAS: Yeah, I realized that.

13 MR. CHALOS: That's because he hasn't
14 been at ECS long enough.

15 SPECIAL MASTER BUNDY: Okay. I'm not
16 sure where to start. I don't think that
17 there's any necessity of just -- you know,
18 the Powerpoint and your presentations sort of
19 speaks for itself about what topics and what
20 has been carried out.

21 If you wanted to speak in a more general
22 manner about what the plan has been, whether
23 there's been any difficulties in carrying out
24 the company's plan, and what the company
25 intends to continue to do.

1 MS. TSOCHLAS: Well, difficulties, I
2 think we haven't had real difficulties in
3 implementing the training program, it has
4 been a big change to our training program and
5 we have been implementing it in phases. As
6 such, when the one item on the agenda that
7 has to do with evaluating the effectiveness
8 of the training, it's still too early for us
9 to be able to carry out an evaluation that
10 will provide us with good feedback.

11 When you implement a training program,
12 you need time for you to be able to see that
13 there has been some kind of effect. We have,
14 as I mentioned in the presentation, we have
15 key performance indicators in place to show,
16 for us to be able to monitor if there's been
17 an improvement in our seafarer's performance.
18 So far, it shows that there has been
19 improvement if we base it on the key
20 performance indicators, but we still consider
21 it early to be 100 percent sure of what the
22 effectiveness of our training program is.

23 SPECIAL MASTER BUNDY: I have a question
24 on the graph, which is on slide 31, I think,
25 distribution of observations --

1 MS. TSOCHLAS: Slide 31.

2 SPECIAL MASTER BUNDY: What is a VIQ
3 category?

4 MS. TSOCHLAS: We have very regular
5 vetting inspections carried out by oil
6 majors, such as Shell, BP, Exxon, Mobil, and
7 such. These vetting inspections are very
8 strict. The VIQ is the questionnaire that
9 the vetting inspectors use as a guide when
10 they're inspecting our vessels. The VIQ is
11 divided into 12 categories, two of which are
12 pollution prevention, and engine and steering
13 compartments. When the vetting inspection is
14 completed, the vetting inspector records
15 observations that he has found onboard the
16 vessel in all of the areas of the VIQ, so
17 what we are doing now is we are monitoring
18 the percentage of observations that are
19 recorded in these two areas as to what
20 sort -- so, we are able to assess whether we
21 have improvement in these areas. So, these
22 are the two areas that are related to the
23 environment, pollution prevention, and engine
24 and steering compartments.

25 Have I made that clear?

1 SPECIAL MASTER BUNDY: And then the
2 numbers reflected are numbers of observations
3 with recommendations?

4 MS. TSOCHLAS: So, it's the percentage
5 of observations in proportion to the total
6 number of observations that are recorded in
7 our fleet during vetting inspections.

8 So, you can see in 2008 -- from 2008
9 till 2009, we've had a drastic decrease in
10 observations in those areas. During 2009 is
11 when we began implementing the training
12 program and our revised environmental manager
13 plan. So, statistics, up until now, show
14 that the implementation of the environmental
15 plan and our training, the CBT training, has
16 improved our seafarers' performance.

17 MR. CHALOS: For the entire fleet,
18 right?

19 MS. TSOCHLAS: This is for the entire
20 fleet, all six vessels. The statistics are
21 for 2008, 2009, and for the first three
22 quarters of 2010, because when we had to
23 submit the documentation, we hadn't yet
24 completed 2010 in order to calculate the KPIs
25 for the whole year.

1 SPECIAL MASTER BUNDY: So, the 2010
2 numbers reflect only 75 percent of 2010.
3 Would that indicate that at the end of the
4 year you would expect those yellow graph
5 numbers to be higher with the results of the
6 fourth quarter?

7 MS. TSOCHLAS: Not necessarily, no,
8 because it's percentage.

9 SPECIAL MASTER BUNDY: So, percentage
10 of --

11 MS. TSOCHLAS: It's not an absolute
12 number, so it won't increase, it's a
13 percentage tabling. At the end of 2010,
14 we'll have a bigger sample, more inspections
15 will have been carried out, so it will
16 probably decrease, not increase, unless
17 you've had problems in the area.

18 MR. CHALOS: Yes, theoretically, it
19 should decrease if there are no problems.

20 SPECIAL MASTER BUNDY: When you say an
21 observation, an observation by a vetting -- a
22 vetter is one in which they state that an
23 improvement needs to be made or they see a
24 problem onboard in some way or another.

25 MR. TSOCHLAS: Yes, they only record